

Message Text

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13

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OPIC - MR. FREEMAN

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FM SECSTATE WASHDC

TO TREASURY/OASIA/BPDO

COMMERCE/BIC/OIM/AT

C O N F I D E N T I A L STATE 260092

LIMDIS

TREASURY FOR MR. DASH

COMMERCE FOR MR. OCWIEJA

FOL REPEAT KINSHASA 9898 SENT ACTION SECSTATE

NOV 23

QTE

C O N F I D E N T I A L KINSHASA 9898

LIMDIS

E.O. 11652: N/A

TAGS: EFIN, CG

SUBJ: FOREIGN EXCHANGE

REF: (A) KINSHASA 9534, (B) STATE 256382, (C) STATE 257426

(D) A-198, NOV 12, 1974

1. DEPARTMENT HAS BRIEFED DE MUNNICK OF FNCB IN EXACTLY

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THE RIGHT TERMS, EMPHASIZING WHAT SEEMS TO US TO BE THE

SHORT-RUN ASPECTS OF THE CURRENT FOREIGN EXCHANGE PINCH. WE HAVE BEEN IN CLOSE TOUCH WITH SPINK HERE AND HAVE INCLUDED FNCE PAYMENT DELIQUENCIES WITH THE COMMERCE UNION AND PANAM OVERDUE PAYMENTS IN A LIST WHICH THE AMBASSADOR LEFT WITH BISENGIMANA ON NOV 21. WE SHARE FNCEB'S DISQUIET OVER THE POSSIBILITY THAT ONE OF THE EUROPEAN BANKS MIGHT EXERT PRESSURE TO DECLARE DEFAULT AND ARE DOING OUR BEST TO KEEP THE GOZ ALERT TO THE IMPLICATIONS OF SUCH A POSSIBILITY.

2. BY NOW, DEPT SHOULD HAVE A-198 WHICH GIVES DETAILS OF FOREIGN EXCHANGE PINCH AS REFLECTED IN CENTRAL BANK STATISTICS THROUGH SEPTEMBER. YOUR ASSUMPTION CORRECT THAT PARA 1 REF (A) DEALT WITH FOREIGN EXCHANGE HOLDINGS. TO SUMMARIZE FROM BANK SATISTICS AS OF END SEPTEMBER, NET FOREIGN ASSETS WERE \$169 MILLION, INCLUDING \$51.2 MILLION IN GOLD VALUED AT \$35 PER OUNCE: IMF RESERVE POSITION OF \$28.2 MILLION; SDRS \$6.3 MILLION AND FOREIGN EXCHANGE HOLDINGS OF \$83.6 MILLION. FYI AS REPORTED IN REF (A), WE WERE TOLD BY AN EXCELLENT SOURCE THAT FOREIGN EXCHANGE HOLDINGS DROPPED FURTHER IN OCTOBER TO \$60 MILLION, AND FROM RUMORS WE HEAR, FOREIGN EXCHANGE HOLDINGS ARE PORBABLY LOWER IN NOVEMBER. END FYI.

3. IN ADDITION TO POSITIVE SIGNS REPORTED IN REFS (A) AND (D) WE WOULD ADD BISENGIMAN'S INTEREST AND A REPORT THAT FINANCE MINISTER BURUTI IS IN ABU DHABI "NEGOTIATING A LOAN".

HINTON

UNQTE
INGERSOLL

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